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The Director of Central Intelligence
Washington, D.C. 20505

National Intelligence Council

NIC-01881/87
29 April 1987

MEMORANDUM FOR: Acting Director of Central Intelligence

FROM: Robert E. Blackwell
National Intelligence Officer for USSR

SUBJECT: April Warning and Forecast Report

1. Soviet Troop Withdrawals from Mongolia

A. Discussion

DIA recounted what we know about the still ongoing withdrawal of a Soviet division from Mongolia, noting that the division being withdrawn is one of the two deployed there in the aftermath of the Chinese attack on Vietnam in 1979 and that, thus far at least, only one regiment of the division has actually left. Moreover, before departing, it exchanged its newer model equipment for older model equipment held by one of the other divisions being left behind in Mongolia.

[REDACTED] Because of the substantial improvements made to Soviet forces and the logistic base in the Soviet Far East and Mongolia and the expansion of Mongolian forces in the last decade, the military consequences of the withdrawal are limited. Nonetheless, the community believes that the withdrawal is a significant political gesture. It is the first concrete move the Soviets have made toward satisfying one of China's demands on the three obstacles and it began on the eve of the 10th round of Sino-Soviet political talks. The community thinks it unlikely that the Soviets will make any additional withdrawals from Mongolia without some Chinese response.

B. Warning:

Our experience [REDACTED] suggests it will be a year or two before we have a precise fix on how much--if at all--Soviet military capabilities in Mongolia have been degraded by the drawdown.

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2. Soviet Strategy in the Middle East

A. Discussion

CIA/SOVA led off the discussion by listing the initiative the Gorbachev regime has taken in attempting to improve Moscow's position in the Middle East. These include the resumed dialogue with Israel, the effort to promote Palestinian unity even at the expense of some friction with its Arab allies, especially Syria, the apparent flexibility it is displaying as it seeks to convene an international peace conference on the Middle East, and the concessions it made to Egypt in order to put the debt issue to rest. The offer of naval protection for Kuwaiti tankers, although in response to a Kuwaiti request, perhaps represents a greater receptiveness to the Soviets by this Gulf state. Most of these things have been tried before, but not with the same persistence and energy that now is the case under Gorbachev. The community concurred in CIA's judgment that nothing the Soviets have done thus far will be adequate to dramatically reverse Moscow's prospects in the region.

The Soviet objective in courting Israel is to try to secure Israeli acquiescence of a Soviet role in a peace conference. Resuming a dialogue abandoned in the early 1970s is a significant move, but it is not yet clear Gorbachev will in the end go far enough toward satisfying Israeli demands on recognition and emigration to remove Israeli objections to a conference.

The concessions that enabled Egypt and the USSR to conclude their debt agreement were mostly on the Soviet side, but progress would not have been possible had Cairo not shown a new willingness to negotiate seriously. In removing this obstacle to improved relations, the Soviets have probably paved the way for an expansion in Soviet-Egyptian economic ties and increased the prospects that the forthcoming US-Egyptian debt negotiations will be more difficult. However, the debt agreement alone probably will not be sufficient to alter Egypt's basic pro-Western alignment, and the Soviets have set a bad precedent for other indebted clients elsewhere in the Middle East.

Moscow is taking advantage of Syria's near total isolation in the region to pursue policies, particularly the promotion of Palestinian unity, that are at odds with those of Damascus. President Assad's recent trip to Moscow probably will provide clues as to just how far the Soviets are prepared to go in using their increased leverage over Syria to alter Syrian policies.

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The lack of Arab unity and US and Israeli opposition are likely to remain formidable obstacles to Moscow's efforts to convene even a preparatory meeting for another international peace conference in the Middle East.

B. Warning:

A/NIO/NESA thinks there is somewhat greater chance than the rest of the community that Moscow's renewed activism--while not reversing its fundamental position in the region--could cause significant problems for the US in the public diplomacy arena. For example, he thinks there is a chance that Moscow may be willing to make enough concessions to the Israelis and apply enough pressure on Syria to raise expectations on the prospects for a peace conference to even higher levels, placing the United States in a reactive posture, especially with the Arab moderates.

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3. Whither the USSR under Gorbachev?

Agency representatives engaged in a preliminary discussion of key questions to be addressed in a forthcoming NIE assessing the changes Gorbachev is introducing in the USSR and their longer-term implications for the U.S. A/NIO/USSR [] the principal drafter of the estimate, led off the discussion with a brief overview of how we currently plan to tackle some of the key questions.

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-- Gorbachev came in with a clear objective--reinvigorating a stagnating society, economy and political system, but with only a vague idea of how to get there. The problem has proven more difficult than he originally thought and over time he has become increasingly receptive to radical solutions that could, if carried out, bring important changes in the highly-centralized Stalinist system. Very little in the way of concrete change has been accomplished so far, but the battle has only just begun. Not even Gorbachev knows just how far he may attempt to push change, but his determination, impatience with failed policies, and pragmatic approach suggests that even bolder reform moves are possible if he finds them necessary to achieve his objectives.

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-- Gorbachev has moved in the last two years with unprecedented speed to eliminate opponents and strengthen his political position, but there are still clear limits on his freedom of maneuver. Resistance to his program in the Politburo, the Central Committee, and down through the system is plainly evident. An extended political struggle lies ahead whose outcome remains in doubt. It's far too early to predict the ultimate impact of Gorbachev's reforms, but we plan in the estimate to discuss the implications for the USSR as well as the United States of the most plausible directions of Soviet policy into the 1990's. We can predict with some confidence that Gorbachev's course, if successful, will produce strong pressures for the sort of liberalization of the political and economic system for which Western governments have been pressing. The outlook for changes in foreign and defense policies will be more difficult to assess and will likely be the source of some disagreement within the community as the estimate progresses.

The subsequent discussion revealed no significant arguments with the key questions or the general approach that we currently plan to take, but did indicate differences of view over the mixture of continuity and change in Gorbachev's policies and how likely Gorbachev is to contemplate reforms that challenge fundamental aspects of the system. We are presently aiming to hold a formal meeting of community representatives to review the TORs for the estimate in the second half of May.

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Robert E. Blackwell

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